

## Message Text

CONFIDENTIAL

PAGE 01 OECD P 06201 121821Z

50

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 SSO-00 EURE-00 NSCE-00 INRE-00

AID-20 CEA-02 CIAE-00 COME-00 EB-11 FRB-02 INR-10

IO-14 NEA-10 NSAE-00 RSC-01 OPIC-12 SPC-03 TRSE-00

CIEP-02 LAB-06 SIL-01 SWF-02 OMB-01 DRC-01 AEC-11

DODE-00 FEA-02 FPC-01 H-03 INT-08 L-03 NSC-07 PM-07

SAM-01 SCI-06 SS-20 STR-08 PA-04 PRS-01 USIE-00 /217 W

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FM USMISSION OECD PARIS

TO SECSTATE WASHDC IMMEDIATE 2056

INFO AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY DUBLIN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY TOKYO PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY OSLO PRIORITY

AMEMBASSY THE HAGUE PRIORITY

USMISSION EC BRUSSELS PRIORITY UNN

C O N F I D E N T I A L USOECD PARIS 6201

E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: OECD OIL COMMITTEE HLG MEETING (MARCH 11)

1. SUMMARY. IN LENGTHY AFTERNOON LATE EVENING SESSION OECD  
HIGH LEVEL OIL GROUP (HLG) YESTERDAY ADOPTED AS ITS OWN THE  
TERMS OF REFERENCE FOR FIRST THREE OF ENERGY COORDINATING  
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PAGE 02 OECD P 06201 121821Z

GROUP'S (ECG'S) 9 POINT WORK PROGRAM, AS FOLLOWS: CONSERVATION,

ALTERNATIVE ENERGY SOURCES, OIL SHARING. GERMANS, SUPPORTED AT VARIOUS POINTS BY JAPAN, UK, BELGIUM, NETHERLANDS AND CANADA, TOOK LEAD IN PRESSING INITIATIVES. FRENCH, WHILE RAISING A NUMBER OF PROCEDURAL POINTS (APPARENTLY FOR INTERNAL FRENCH PURPOSES), DID NOT IN THE END OBSTRUCT SCENARIO WORKED OUT IN ADVANCE AS THEY COULD HAVE DONE BY INSISTING ON FULL OBSERVANCE OF OECD PROCEDURES. THUS, MEETING ACHIEVED US OBJECTIVE OF HAVING EUROPEANS TAKE INITIATIVE IN LAUNCHING PART OF ECG'S WORK PROGRAM THROUGH SMALL RESTRICTED WORKING PANELS UNDER OECD HIGH LEVEL GROUP. WE UNDERSTAND FROM RELIABLE SOURCES THAT NON-OBSTRUCTIONIST FRENCH ROLE REFLECTED HIGH LEVEL DECISION URGED BY ECONOMIC BRANCH OF QUAI AGAINST HARDLINERS. END SUMMARY.

2. UNTIL VIRTUALLY THE LAST MOMENT THE TUG OF WAR OVER THE PROCEDURES TO BE ADOPTED IN OECD REMAINED IN THE BALANCE. UNDER THE AGENDA ITEM DEALING WITH FUTURE BUSINESS THE GERMAN DELEGATION BY PRE-ARRANGEMENT PROPOSED THAT IN VIEW OF NEW URGENCY AND GRAVITY OF THE ENERGY PROBLEM HIGH LEVEL GROUP CONSIDER SUBSTANTIAL EXPANSION OF ITS WORK. HE ASKED THAT HLG AGREE IN PRINCIPLE TO TAKE UP THE THREE ACTIVITIES (SLATED FOR IT BY THE ENERGY COORDINATING GROUP -- ALTHOUGH HE MADE NO OVERT ALLUSION TO ECG) OF CONSERVATION AND DEMAND RESTRAINT, DEVELOPMENT OF ALTERNATIVE SOURCES OF FUELS, AND EMERGENCY OIL SHARING. ELABORATING ON A SUGGESTION BY EC REP (SPAAK), FRENCH DEL (PIKETTY) AGREED WITH THIS PROPOSAL BUT SUGGESTED THAT TWO OTHER ACTIVITIES -- R&D COOPERATION AND THE ROLE OF THE COMPANIES BE ADDED. ENSUING DISCUSSION MADE IT CLEAR THAT NO COUNTRY WAS PREPARED TO RULE OUT IN PRINCIPLE OECD ACTIVITIES IN THESE AREAS AT SOME FUTURE TIME. US DEL NOTED THAT AS RESULT OF EARLIER US INITIATIVES CONSIDERABLE WORK WAS ALREADY UNDER WAY IN OECD ON ENERGY R&D, AND THAT THERE ALSO WAS A STUDY IN PROGRESS IN THE EXCSS ON MULTINATIONAL CORPORATIONS. ON THE OTHER HAND ALL OTHER SPEAKERS AGREED THAT THE TWO ADDITIONAL ACTIVITIES PROPOSED BY THE FRENCH (ON WHICH THE ECG HAS FAVORED SETTING UP ITS OWN WORKING GROUP) WERE NOT YET READY FOR DECISION. IT WAS AGREED THAT THE SECRETARIAT WOULD PREPARE SUGGESTIONS AS TO HOW WORK IN THESE TWO AREAS COULD BE ADVANCED AND THAT THE COMMITTEE ON SCIENTIFIC AND TECHNICAL POLICY SHOULD BE BE ASKED TO CONSIDER THE ISSUE. THIS APPEARED TO SATISFY THE FRENCH WHO SEEMED INTENT ON MAKING A POINT FOR THE RECORD THAT

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PAGE 03 OECD P 06201 121821Z

ACTIVITIES OTHER THAN THOSE SLATED BY THE ECG FOR THE OECD SHOULD BE DEALT WITH IN OECD. THE OTHERS WERE CONTENT TO LET THIS POINT BE MADE IN SUCH A WAY AS NOT TO TIE THEIR HANDS ON THESE SUBJECTS IN THE ECG. SOME, INCLUDING THE UK, STATED EXPLICITLY THAT THE ECG HAD NOT ASSIGNED THE R&D ACTIVITY TO OECD.

3. THE GERMANS THEN CIRCULATED DRAFT TERMS OF REFERENCE FOR

THE THREE ACTIVITIES. THE ONLY SERIOUS PROBLEM INVOLVED A CHANGE INSISTED UPON BY THE NORWEGIANS WHO BECAUSE OF THEIR "GO SLOW" POLICY ON DEVELOPING NORTH SEA OIL RESERVES WANTED TO ELIMINATE A REFERENCE TO "INFLUENCING PUBLIC POLICY" IN THE AREAS OF DEVELOPMENT OF CONVENTIONAL FUELS. THE US RESISTED THIS CHANGE, MAKING IT CLEAR THAT THE OBJECT OF THE EXERCISE WAS TO EXAMINE AND INFLUENCE NATIONAL POLICIES. BY A STRANGE QUIRK OF DRAFTING THE NORWEGIANS FINALLY ACCEPTED A RESULT WHICH WAS PERHAPS MORE EXPLICIT THAN THE ORIGINAL DRAFT.

4. THE FRENCH TRIED SEVERAL TIMES TO STATE THAT THE WORDING SERVED ONLY INDICATIVE PURPOSES AND THAT OECD PROCEDURES WOULD HAVE TO BE COMPLIED WITH, THROUGH FORMAL APPROVAL OF THE MANDATES BY THE PARENT PLENARY OIL COMMITTEE OR POSSIBLY EVEN BY THE COUNCIL. BUT THE DEPUTY SECRETARY GENERAL, ELDIN, (A FRENCH NATIONAL) WHO WAS ASKED FOR PROCEDURAL ADVICE MADE IT CLEAR THAT WHILE THE NEW TERMS OF REFERENCE, ESPECIALLY ON CONSERVATION AND DEMAND RESTRAINT AND DEVELOPMENT OF CONVENTIONAL FUELS, REPRESENTED SOME OVERLAP WITH OTHER JURISDICTIONS IN OECD, THE PROBLEM COULD BE HANDLED IN THE WAY WORKED OUT DURING UNDER SECRETARY DONALDSON'S TRIP. BOTH ELDIN AND CHAIRMAN WANSINK PERFORMED ADMIRABLY IN DISPOSING OF THE FRENCH PROCEDURAL POINTS. THEY SUGGESTED THAT THE HLG COLLABORATE WITH THE ENERGY COMMITTEE AND TO THIS END PROPOSED THAT THE SPANISH CHAIRMAN OF ENERGY COMMITTEE BE INVITED TO PARTICIPATE IN HLG. THEY ALSO SUGGESTED THAT IN CERTAIN CASES A FEW COUNTRIES NOT MEMBERS OF HLG MIGHT BE ABLE TO PARTICIPATE IN SOME OF THE RESTRICTED TECHNICAL BODIES IF THEY HAVE EXPERTISE TO CONTRIBUTE. THE CHAIRMAN MADE CLEAR THAT PROGRESS AND RESULTS OF THE WORKING GROUPS WOULD BE COMMUNICATED BOTH TO THE OIL COMMITTEE AND THE ENERGY COMMITTEE.

5. IN SUM THE HLG NOT ONLY ADOPTED OUR TERMS OF REFERENCE,  
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PAGE 04 OECD P 06201 121821Z

BUT ALSO AGREED TO SETTING UP VERY SMALL RESTRICTED TECHNICAL GROUPS TO WORK ON EACH OF FOLLOWING ITEMS: (A) ON CONSERVATION AND DEMAND RESTRAINT: JAPAN, SWEDEN, US WITH THE COMMUNITY REPRESENTED BY THE COMMISSION, GERMANY AND FRANCE; (B) ON THE DEVELOPMENT OF ALTERNATIVE SOURCES OF FUEL: US, CANADA, NORWAY, JAPAN, WITH THE COMMUNITY REPRESENTED BY THE COMMISSION, GERMANY, AND THE UK; (C) ON THE OIL SHARING SCHEME THE EXISTING HLG INFORMAL WORKING PARTY CONSISTING OF THE US, CANADA, JAPAN, NORWAY, AUSTRALIA, WITH THE COMMUNITY REPRESENTED BY THE COMMISSION, NETHERLANDS AND FRANCE. (AUSTRALIA SUBSEQUENTLY WITHDREW ON INSTRUCTIONS FROM ITS GOVERNMENT THAT IT NOT PARTICIPATE IN ANY OF THE SUB-GROUPS.)

6. DURING A DINNER FOLLOWING THE MEETING, VAN LENNEP REQUESTED WANSINK TO REPORT THE RESULTS OF THE HLG MEETING FOR THE BENEFIT

OF AUSTRALIA AND SWEDEN (WHO ARE NOT MEMBERS OF THE GROUP).  
WANSINK WAS ABLE TO SUMMARIZE THE DECISIONS OF THE HLG IN A WAY  
THAT MADE THE AFTERNOONS ACHIEVEMENTS CRYSTAL CLEAR AND ELICTED  
NO FRENCH CONTRADICTIONS.  
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## Message Attributes

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